RU105-4
3/14/89

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

March 1989

CONSUMERS IN HIGH SPIRITS

The level of consumer confidence, which had declined in January, registered an impressive gain in February, regaining all of the previous loss, and then some. The present Index (1985 = 100) reading is 122, up over six points for the month. Consumers are now more optimistic both about the present and in their expectations for the months ahead. Buying plans, however, are mixed to soft.

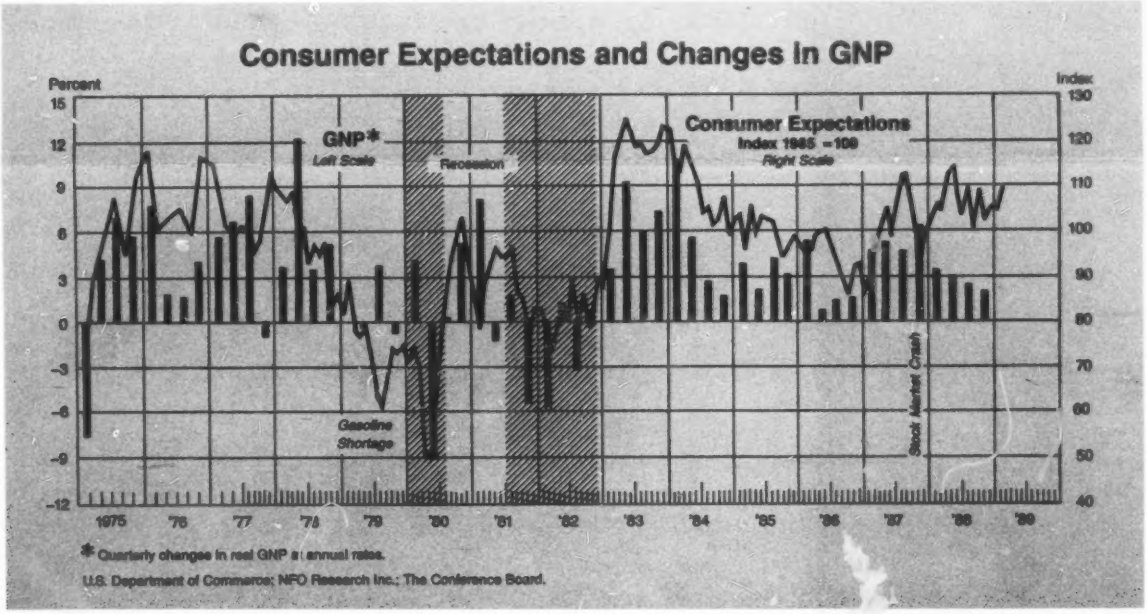
In their assessment of ongoing business conditions, slightly more than 31% of all respondents said they were "good," 16% said that they were "bad." Both these figures are slightly more positive than recorded in January. In the latest probe, 34.5% reported that jobs are "plentiful," only slightly more than 19% complained they are "hard to get." These are better figures than recorded in some time.

People are also more optimistic about the future. Now, close to 21% anticipate an improvement in business conditions over the next six months, up from 18 percent. People also continue to be reasonably satisfied with the employment outlook. While marginally fewer people than a month earlier expect more jobs to become available, the number that fear jobs will become scarcer is down. There has been little change in people's expectations concerning their personal financial circumstances.

Plans to buy an automobile were indicated by 7.7% of all respondents. While this is marginally stronger than in the immediately preceding months, it is still well below the 9.6% recorded this time last year. Rising interest rates appear to have dampened intentions to buy a home. Now, only 2.7% of all survey participants express such plans, down from 3% a month earlier. There has also been a decline in those that expressed interest in acquiring a major appliance to 25.8% from 28.0%.

The impressive level of confidence is attributable to the continuing vigor of the economy. The two most important situations which affect the consumer's spirits—low unemployment and the real value of the weekly paycheck—have persisted for some time now. Although there has been some crawling-up in retail prices, the pace is still imperceptible to the average customer. If, as rumored, history does repeat itself, the consumer's high spirits suggest that in the first half of 1989 we will continue to experience a lively business environment.

Fabian Linden



Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

Business **Employment** **Income**

All series seasonally adjusted.	1988 *Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	1989 *Jan.(r)*	*Feb.(p)*
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4	115.8	122.0
Present Situation	129.1	124.5	120.2	129.0	126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.4	141.3
Expectations	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	109.1
Appraisal of Present Situation: Percent													
Business Conditions													
Good	29.6	29.1	28.3	31.6	27.4	28.4	32.2	28.2	28.3	30.2	32.5	29.1	31.2
Bad	18.9	18.8	20.9	18.4	19.7	19.1	17.2	19.2	17.1	17.6	15.5	18.2	16.1
Normal	51.5	52.1	50.8	50.0	52.9	52.5	50.6	52.6	54.6	52.2	52.0	52.7	52.7
Employment													
Jobs plentiful	31.4	28.9	27.8	30.8	31.1	31.3	32.3	29.9	29.8	29.9	33.7	33.0	34.5
Jobs not so plentiful	45.9	47.0	48.1	45.4	46.1	46.2	46.0	47.7	47.2	47.1	45.5	45.8	46.2
Jobs hard to get	22.9	24.1	24.1	23.8	22.8	22.5	21.7	22.4	23.0	23.0	20.8	21.2	19.3
ectations for Six Months Hence: Percent													
Business Conditions													
Better	19.7	20.2	20.9	22.0	20.4	19.7	21.4	18.3	21.1	18.6	19.6	17.7	20.9
Worse	7.9	7.6	6.4	5.3	6.7	9.6	7.3	9.8	7.0	8.4	7.5	7.7	7.1
Same	72.4	72.2	72.7	72.7	72.9	70.7	71.3	71.9	71.9	73.0	72.9	74.6	72.0
Employment													
More jobs	16.7	15.8	18.2	19.0	18.3	17.7	19.0	17.2	18.6	15.9	17.2	17.1	16.8
Fewer jobs	14.4	14.0	11.9	12.6	13.8	15.0	13.6	15.4	13.2	14.7	14.4	14.5	12.2
Same	68.9	70.2	69.9	68.4	67.9	67.3	67.4	67.4	68.2	69.4	68.4	68.4	71.0
Income													
Increase	30.6	28.5	29.4	29.0	26.3	28.0	27.4	24.8	26.8	27.3	27.8	25.6	25.3
Decrease	6.5	6.7	6.0	6.0	6.4	6.2	6.3	6.9	6.9	6.9	6.7	6.2	6.1
Same	62.9	64.8	64.6	65.0	67.3	65.8	66.3	68.3	66.3	65.8	65.5	68.2	68.6
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.6	9.4	9.1	9.4	8.9	8.9	7.5	7.8	7.3	7.3	7.4	7.3	7.7
New	4.7	5.3	5.5	4.9	5.0	4.6	4.2	4.1	3.7	3.4	3.3	3.5	3.7
Used	3.5	3.3	3.1	3.3	3.4	3.4	2.8	2.7	2.7	3.0	3.3	2.9	3.2
Uncertain	1.4	0.8	0.5	1.2	0.5	0.9	0.5	1.0	0.9	0.9	0.8	0.9	0.8
Home													
Yes	5.0	4.7	3.5	3.3	4.0	3.5	4.2	3.3	3.7	3.1	3.8	3.0	2.7
New	1.6	1.7	1.1	1.1	0.9	1.1	1.3	1.1	1.0	1.0	0.9	0.6	0.8
Lived in	2.1	2.1	1.7	1.3	2.1	1.5	2.0	1.5	1.6	1.5	1.9	1.2	1.1
Uncertain	1.3	0.9	0.7	0.9	1.0	0.9	0.9	0.7	1.1	0.6	1.0	1.2	0.8
Major appliances													
Total plans	36.0	34.0	35.0	35.8	30.3	30.1	34.3	30.3	26.5	27.9	28.9	28.0	25.8
Refrigerator	5.8	5.4	5.3	5.9	4.7	4.5	5.0	4.5	3.6	4.1	4.3	5.4	4.7
Washing machine	5.4	4.4	5.3	5.1	3.9	4.7	4.5	3.9	4.1	3.0	3.7	3.7	3.2
TV Set	8.2	8.5	7.9	8.6	7.5	6.1	8.0	7.2	6.4	6.5	7.5	5.7	5.8
Vacuum Cleaner	5.9	5.9	5.6	6.0	4.9	5.2	6.1	5.7	3.8	4.8	4.7	4.3	4.0
Range	3.5	3.2	3.9	3.1	3.1	3.2	2.7	2.8	3.1	2.7	2.8	3.0	2.6
Clothes dryer	4.2	4.2	4.4	4.9	3.8	3.8	4.3	3.4	3.2	3.2	3.3	3.0	2.8
Air conditioner	3.0	2.4	2.6	2.2	2.4	2.6	3.7	2.8	2.3	3.6	2.6	2.9	2.7
Carpet	8.3	9.5	6.2	8.7	7.6	7.1	7.7	8.2	6.2	6.6	6.6	6.8	5.4
Vacation Intended Within Six Months: Percent*													
Vacation Intended	51.2		49.7		48.5		51.6		49.1		48.5		45.0
Destination													
U.S.	44.3		42.8		41.7		43.5		41.6		41.1		38.2
Foreign country	8.9		9.3		9.3		10.1		8.7		8.8		8.3
Means of travel													
Automobile	29.8		29.8		27.9		29.6		28.2		27.0		26.3
Airplane	19.9		19.1		20.8		21.0		18.4		19.0		17.0
Other	5.0		4.4		4.5		4.0		3.5		4.4		4.5

(p)—preliminary (r)—revised

ATTENTION DATA USERS: Data in this publication are available online. For information, phone (212) 759-0900 Ext. 216.

Inflation **Interest Rates** **Stock Prices**

Not seasonally adjusted	1988 Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.(r)	Feb.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average	4.3	4.3	4.4	4.4	4.4	5.0	4.9	4.8	4.8	4.7	4.7	4.6	4.7
Interest Rates													
Higher	49.9	58.9	58.0	66.5	71.5	74.9	74.9	75.2	71.8	65.1	78.2	73.7	71.1
Same	25.7	27.6	27.6	23.6	20.0	22.1	16.2	17.0	18.6	23.1	14.4	18.4	19.2
Lower	24.4	13.5	14.4	9.9	8.5	10.6	8.9	7.8	9.6	11.8	7.4	7.9	9.7
Stock Prices													
Increase	36.6	46.9	38.7	39.3	39.8	40.3	39.2	38.5	40.6	39.3	39.7	42.3	45.7
Same	33.6	34.6	33.6	34.3	35.8	34.8	33.0	34.8	35.0	36.0	33.3	34.7	33.2
Decrease	29.8	18.4	27.7	26.4	24.4	24.9	27.8	26.7	24.4	24.7	27.0	23.0	21.1

CONSUMER CONFIDENCE BY REGION

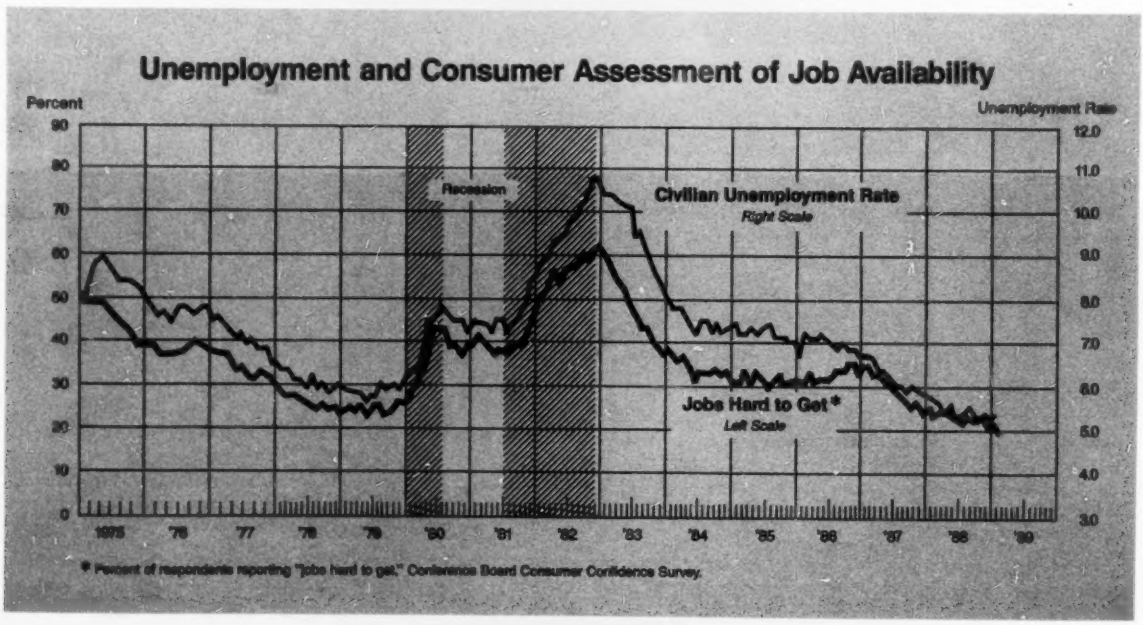
Seasonally unadjusted Index numbers: 1985 = 100	1988 Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1989 Jan.(r)	Feb.(p)	AVERAGE: Dec. Jan. Feb. 1988	1989	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	155.0	152.4	159.2	153.9	149.8	153.9	150.0	139.7	150.9	144.1	140.7	135.5	152.6	152.3	142.9	- 6.1
Present Situation	202.4	200.0	203.7	203.0	207.0	199.5	205.4	204.9	201.3	198.0	205.6	189.5	204.1	202.1	199.7	- 1.2
Expectations	123.4	120.6	129.6	121.2	111.7	123.6	113.0	96.2	117.3	108.2	97.5	99.5	118.2	119.1	105.1	-11.8
MIDDLE ATLANTIC																
Consumer Confidence Index	114.8	122.0	123.6	125.5	121.8	120.8	125.6	122.6	126.3	113.7	124.9	122.1	123.3	112.7	123.4	9.5
Present Situation	136.2	143.9	142.9	142.9	152.6	145.8	157.2	153.4	148.7	143.2	164.0	147.1	151.4	138.6	154.2	11.2
Expectations	100.5	107.4	110.7	108.1	101.3	104.1	104.6	102.1	111.3	94.1	98.8	105.4	104.6	95.4	102.9	7.9
EAST NORTH CENTRAL																
Consumer Confidence Index	97.0	95.3	104.0	108.7	102.3	95.5	104.1	99.8	115.0	117.6	112.9	114.9	122.2	94.0	116.7	24.2
Present Situation	99.2	91.3	102.8	107.7	111.0	116.5	125.7	121.9	129.7	145.1	139.2	131.1	134.9	99.6	135.1	35.6
Expectations	95.6	97.9	104.7	109.4	96.6	81.5	89.8	85.0	105.2	99.3	95.5	104.2	113.8	90.2	104.5	15.8
WEST NORTH CENTRAL																
Consumer Confidence Index	98.2	87.6	99.1	88.4	91.4	76.0	70.7	86.3	97.5	88.6	93.4	98.9	99.2	86.4	97.2	12.4
Present Situation	84.8	69.4	82.9	93.8	97.6	91.3	74.6	96.6	99.4	97.4	103.9	106.1	93.4	79.2	101.1	27.7
Expectations	107.2	99.7	109.9	84.9	87.3	65.9	68.0	79.5	96.3	82.8	86.4	94.2	103.1	91.3	94.6	3.6
SOUTH ATLANTIC																
Consumer Confidence Index	137.7	136.7	138.7	142.2	138.2	138.6	141.2	138.0	142.4	139.1	133.5	131.7	134.9	134.3	133.3	- 0.7
Present Situation	163.2	165.3	161.9	168.9	163.8	168.6	172.8	170.2	175.3	170.6	175.4	167.5	168.4	163.2	170.4	4.4
Expectations	120.7	117.6	123.3	124.5	121.2	118.6	120.2	116.6	120.5	118.2	105.6	107.8	112.5	115.1	108.6	- 5.6
EAST SOUTH CENTRAL																
Consumer Confidence Index	114.9	109.8	96.8	115.0	97.1	84.4	105.9	102.3	108.7	102.1	94.3	107.2	110.7	104.8	104.1	- 0.7
Present Situation	103.5	94.0	79.1	97.9	93.4	74.6	100.3	99.2	99.2	102.1	104.9	96.2	90.8	93.1	97.3	4.5
Expectations	122.5	120.4	108.7	126.5	99.6	91.0	109.7	104.4	115.1	102.2	87.2	114.6	124.0	112.6	108.6	- 3.5
WEST SOUTH CENTRAL																
Consumer Confidence Index	81.7	69.7	75.3	77.9	78.5	80.5	80.1	74.8	83.8	67.3	79.7	84.6	87.7	75.1	84.0	11.9
Present Situation	33.0	20.1	22.6	34.6	30.8	30.1	31.0	29.3	42.4	27.4	34.5	30.1	36.7	29.0	33.8	16.2
Expectations	114.3	102.8	110.4	106.8	110.3	114.1	112.9	105.2	111.4	94.0	109.9	120.9	121.8	105.8	117.5	11.0
MOUNTAIN																
Consumer Confidence Index	82.4	94.6	87.5	94.4	85.4	80.3	92.8	76.9	92.4	91.8	106.1	76.5	87.9	84.2	90.2	7.1
Present Situation	66.6	77.8	57.5	79.2	69.2	61.9	77.0	70.0	81.1	66.5	90.9	50.0	46.5	65.7	62.5	- 4.9
Expectations	93.0	105.8	107.6	104.6	96.2	92.7	103.4	81.6	100.0	108.6	116.3	94.1	115.5	96.5	108.6	12.5
PACIFIC																
Consumer Confidence Index	135.2	125.2	121.1	125.5	127.0	126.7	134.0	124.6	127.7	133.7	133.7	128.2	139.9	127.2	133.9	5.3
Present Situation	157.3	150.7	135.2	149.1	153.9	161.5	161.7	160.1	156.9	169.4	170.7	157.5	166.0	148.5	164.7	10.9
Expectations	120.4	108.3	111.7	109.7	109.1	103.5	115.5	100.9	108.3	109.9	109.0	108.6	122.4	113.0	113.3	0.3

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers 1985 = 100	1988											1989		3 mos. Percent Change*
	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan (r)	Feb (p)	
TOTAL U.S.														
Consumer Confidence Index	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.3	115.8	122.0	4.9
Present Situation	129.1	124.5	120.2	129.0	126.3	128.2	135.1	126.7	128.3	129.1	140.1	133.4	141.3	8.0
Expectations	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6	104.1	109.1	2.4
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	124.4	118.6	120.4	123.1	121.5	121.2	128.5	121.0	117.8	117.0	124.6	119.3	124.9	3.6
35-54	113.6	117.1	119.5	121.8	118.7	116.4	119.5	111.4	118.2	114.3	120.5	117.0	124.9	5.4
55 and over	104.6	98.7	104.4	113.8	104.7	102.2	110.4	99.1	112.4	106.2	112.8	109.1	114.6	5.9
Present Situation														
Under 35	137.8	128.0	127.1	129.9	130.1	134.5	147.0	138.2	125.9	128.9	143.5	133.5	146.2	7.7
35-54	128.4	131.9	124.5	130.3	129.9	130.5	133.8	127.2	128.2	130.8	143.5	134.8	142.3	8.9
55 and over	122.7	113.8	110.7	127.2	120.0	122.0	129.1	118.3	129.8	127.6	134.6	131.8	137.7	7.5
Expectations														
Under 35	115.4	112.3	116.0	118.7	115.7	112.4	116.1	109.7	112.5	109.0	112.3	109.7	110.7	0.5
35-54	103.9	107.4	116.4	116.2	111.2	107.0	109.9	100.8	111.6	103.3	105.3	105.1	113.1	2.5
55 and over	93.0	88.9	100.3	104.9	94.3	88.9	97.8	86.2	100.6	91.8	98.4	94.2	99.5	4.8
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	89.0	83.7	89.8	94.1	88.4	82.1	88.1	87.7	91.8	87.8	92.5	94.0	92.7	4.5
$15,000-24,999	116.7	107.6	109.8	112.8	102.7	104.8	115.3	102.2	108.5	115.2	115.9	105.2	122.3	5.4
$25,000 and over	126.8	127.5	129.7	135.4	132.0	130.9	135.3	123.7	131.9	124.2	131.7	129.6	136.8	4.8
Present Situation														
Under $15,000	80.1	74.8	78.8	88.5	83.2	83.3	84.0	89.6	89.9	91.7	95.0	90.0	87.8	0.6
$15,000-24,999	124.2	110.7	103.9	116.7	109.0	114.7	121.6	114.6	116.8	123.0	133.2	109.5	140.8	8.2
$25,000 and over	156.2	152.6	145.5	153.5	152.1	154.2	162.7	148.2	151.5	149.0	161.8	162.3	169.2	9.9
Expectations														
Under $15,000	93.7	88.7	97.0	97.9	92.1	81.5	91.0	86.8	93.3	85.2	91.3	96.1	94.9	6.4
$15,000-24,999	111.3	105.2	113.7	110.3	98.6	98.3	111.2	94.1	103.1	110.0	104.7	102.0	110.0	3.1
$25,000 and over	108.2	111.4	119.4	123.4	118.5	115.3	116.8	107.2	118.6	107.4	111.5	108.4	115.8	0.7

*Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.



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